

Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 ISO-00 SS-15 NSC-05 DOTE-00 USIE-00
PA-02 PRS-01 L-03 CAB-05 CIAE-00 COME-00 DODE-00
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FM AMEMBASSY LONDON
TO SECSTATE WASHDC IMMEDIATE 5176

UNCLAS LONDON 10018

PASS DOT (DAVENPORT, KAMM, JEWELL), WHITE HOUSE (JOHNSTON)

E.O. 11652: N/A
TAGS: EAIR, UK
SUBJECT: US-UK CIVAIR NEGOTIATIONS: PRESS REPORTS

FYI: FOLLOWING IS ESSENTIAL TEXT REPORT TODAY IN
FINANCIAL TIMES UNDER HEADLINE "CALLAGHAN AND CARTER ACT
OVER AIR PACT STALEMATE."

1. CALLAGHAN AND PRESIDENT HAVE INTERVENED PERSONALLY
IN THE 10-MONTH-OLD RENEGOTIATION OF ANGLO-U.S. AIR
SERVICES PACT.
2. RESULT OF INTERVENTION, RAISED AS POSSIBILITY WHEN
CALLAGHAN VISITED WASHINGTON IN MARCH, HAS BEEN
SOFTENING OF AMERICAN ATTITUDES ON A NUMBER OF KEY
POSITIONS.
3. TALKS HAD IN EFFECT BROKEN DOWN ON MONDAY AFTER U.S.
PRESENTATION SUMMARISING BASIC OBJECTIVES WHICH U.K. TEAM
CONSIDERED A RETURN TO POSITIONS ABANDONED WEEKS AGO.
4. THERE WERE NO FORMAL MEETINGS ON TUESDAY OR WEDNESDAY

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AS BOTH SIDES TOOK STOCK. IT WAS DURING THIS TIME THAT
HEADS OF GOVERNMENT SPOKE TOGETHER BY TELEPHONE.

5. BRITISH THOUGHT MORE CONCILIATORY TONE BY USDEL LED
BY BOYD, IN FULL DAY OF TALKS YESTERDAY WAS EVIDENCE OF
RECEIPT OF NEW NEGOTIATING INSTRUCTIONS.

6. DESPITE PROGRESS MADE, U.S. STILL TALK ABOUT HALTING ALL FLIGHTS IF SUCCESSFUL CONCLUSION IS NOT REACHED BEFORE OLD AGREEMENT EXPIRES ON TUESDAY. BUT CESSATION OF SERVICES NOW SEEMS VERY REMOTE POSSIBILITY.

7. CONSIDERABLE PROGRESS HAD BEEN MADE ON NUMBER OF AIR-LINES TO BE DESIGNATED ON NORTH ATLANTIC ROUTES' WITH BRITAIN'S DEMAND FOR SINGLE DESIGNATION ACCEPTED ON ALL EXCEPT LON-NY, LON-LA.

8. ON THESE TWO THERE WILL BE TWO LICENSED AIRLINES FROM EACH COUNTRY. THIS MEANS THAT WITH BA AND LAKER SKYTRAIN DESIGNATED ON LON-NY, ANY US COMPETITOR FOR SKYTRAIN CAN BE SUPPLIED ONLY BY EITHER DESIGNATED US CARRIER, PAN AM, TW.

9. US ALSO MADE SUBSTANTIAL CONCESSIONS ON THE QUESTION OF SO-CALLED 5TH FREEDOM RIGHTS, WHEREBY AMERICAN CARRIERS ARE ALLOWED TO PICK UP PASSENGERS FOR EASTWARD JOURNEYS BEYOND LONDON AND HONG KONG. THE BUSINESS, WORTH 42M POUNDS TO US LAST YEAR, WILL BE CUT BY HALF OVER PERIOD DICTATED BY TERMS HAMMERED OUT IN NEGOTIATIONS.

10. CRUCIAL OUTSTANDING QUESTION IS REGULATING CAPACITY ON THE NORTH ATLANTIC, TO IMPROVE LOAD FACTORS FOR CARRIERS ON THESE ROUTES ABOVE PRESENT AVERAGE OF ABOUT

60 PER CENT.
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11. BRITISH ARE IN FAVOUR OF MUCH STRICTER CONTROLS THAN AMERICANS, WHO HAVE LAUNCHED A BID TO WIN RIGHTS BEYOND LON INTO EUROPE, ALTHOUGH THIS WOULD NOT GIVE THESE SERVICES THE RIGHT TO PICK UP PASSENGERS IN LON.

12. TALKS ARE EXPECTED TO CONTINUE TODAY AND INTO NEXT WEEK. NO FINAL TREATY CAN POSSIBLY BE PRODUCED BEFORE THE TUESDAY DEADLINE, BUT IT IS HOPED HEADS OF AGREEMENT WILL HAVE BEEN DRAWN UP BY THEN.

BREWSTER

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Disposition History: n/a
Disposition Reason:
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UNDER HEADLINE "CALLAGHAN AND CART
TAGS: EAIR, UK, US, (CARTER, JIMMY), (CALLAGHAN, JAMES)
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